

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE DISTRICT OF SOUTH CAROLINA
SPARTANBURG DIVISION

Blockquarry Corp. f/k/a ISW Holdings, Inc.,

Plaintiff,

v.

Litchain Corp. and Gaffney Board of Public
Works,

Defendants.

Gaffney Board of Public Works,

Counter-/Crossclaimant,

v.

Blockquarry Corp. f/k/a ISW Holdings, Inc.,
Counterclaim Defendant, and Litchain Corp.,
Crossclaim Defendant.

C/A No.: 7:23-cv-01427-TMC

**CROSSCLAIMANT, GAFFNEY
BOARD OF PUBLIC WORKS', RULE
55(B)(1) REQUEST FOR PARTIAL
DEFAULT JUDGMENT AGAINST
CROSSCLAIM DEFENDANT,
LITCHAIN CORP.**

COMES NOW Crossclaimant, Gaffney Board of Public Works ("Gaffney BPW"), by and through undersigned counsel of record, and pursuant to Rule 55(b)(1) of the Federal Rules of Civil Procedure, requests the clerk enter a partial default judgment against Crossclaim Defendant, Litchain Corp. ("Litchain"), as to Count V of its Amended Answer to Plaintiff's Complaint and Amended Counterclaim and Amended Crossclaim for Interpleader, Declaratory Judgment, and Breach of Contract (as pertinent here, "Amended Crossclaim"), asserting breach of contract (ground lease), in the sum certain of \$12,718.64.¹ (ECF No. 23, p. 42-43, ¶¶ 86-92). In support of

¹ Due to the multiple claims asserted and defended and the improbability that Gaffney BPW will be able to collect on this default judgment, it is not seeking the recovery of costs.

this request, Gaffney BPW relies on the Affidavit of Donnie L. Hardin, previously filed as Exhibit 1 to the Response of Defendant/ Counterclaimant/ Crossclaimant, Gaffney Board of Public Works, to Plaintiff's Motion for Preliminary Injunction (ECF No. 26-1) and contemporaneously refiled as Exhibit 1 to this request, the entire record before this Court, and the below assertions. (*See* Hardin Affidavit, ¶¶ 7, 10-12, 19-20, ECF 26-1 and Ex. 1 hereto (attesting to the details of the default and confirming the amount owed by Litchain to be \$12,718.64)).

PROCEDURAL & FACTUAL BACKGROUND

1. On April 7, 2023, Plaintiff, Blockquarry Corp. f/k/a ISW Holdings, Inc. ("Blockquarry"), filed its Complaint against Gaffney BPW and Litchain, alleging, in part, that it is entitled to the return of a utility deposit paid on behalf of Litchain to Gaffney BPW for the provision of electrical, water, and sewer services to property located at 150 Hyatt Place, Gaffney, South Carolina (the "Premises"), owned by Gaffney BPW and leased to Litchain, for the operation of a cryptocurrency mining site and to the return of cryptocurrency mining equipment and other personal property left on the Premises after Gaffney BPW terminated the lease and utility services due to the breach of several material contract provisions, including nonpayment of the monthly rent and utility bills. (ECF No. 1).

2. Gaffney BPW filed its Answer to Plaintiff's Complaint and Counterclaim and Crossclaim for Interpleader, Declaratory Judgment, and Breach of Contract on May 1, 2023, in which it asserted counter and crossclaims for interpleader of the utility deposit, "in the nature of interpleader" with respect to the utility deposit, interpleader of the cryptocurrency mining equipment and other personal property left on the premises, and related declaratory judgments. (ECF No. 15). It additionally asserted crossclaims against Litchain for breach of contract (ground lease), breach of contract (utility agreement), and a declaratory judgment finding that a

nondisclosure and non-circumvention agreement between Litchain and Gaffney BPW relating to the use of Gaffney BPW's property for cryptocurrency mining purposes is ultra vires, invalid, void, and/or unenforceable. *Id.*

3. On May 22, 2023, within twenty-one days of filing its first answer, Gaffney BPW filed its Amended Crossclaim, in which it reasserted its claims and counterclaims against Blockquarry and Litchain, including Gaffney BPW's breach of contract claim against Litchain relating to the lease agreement, but pled additional facts relating to third-party claims to the cryptocurrency mining equipment and clarified its requests to interplead. (ECF No. 23).

4. A true and correct copy of the lease agreement between Gaffney BPW and Litchain was attached to the Amended Crossclaim. This lease agreement confirmed the terms of the lease, including the monthly rent of \$3,000.00. (ECF No. 23; *see also* Hardin Affidavit, ¶ 7, ECF No. 26-1 and Ex. 1 hereto (confirming the authenticity of the lease agreement attached to the Amended Crossclaim)).

5. Despite proper service via publication in South Carolina and Florida, Litchain never responded to or otherwise defended Gaffney BPW's Amended Crossclaim against it, so at the request of Gaffney BPW, on November 13, 2023, the clerk marked Litchain in default. (ECF No. 76).

REQUEST FOR RELIEF

6. Gaffney BPW now requests that the clerk enter a partial default judgment against Litchain as to Count V of its Amended Crossclaim, asserting breach of contract relating to the ground lease, in the sum certain of **\$12,718.64**. (ECF No. 23, p. 42-43, ¶¶ 86-92).²

² Because this is not a motion, the local rules do not require Gaffney BPW to confer with opposing counsel prior to filing. *See* Local Civ. Rule 7.02 (D.S.C.). Regardless, counsel for

7. Rule 55(b)(1) of the Federal Rules of Civil procedure allows the clerk to enter a default judgment when the claim on which the defendant has defaulted is for a sum certain and the request is supported by an affidavit showing the amount due. Fed. R. Civ. P. 55(b)(1).

8. The Affidavit of Donnie L. Hardin, previously filed as ECF No. 26-1 and contemporaneously refiled as Exhibit 1 to this request, confirms that \$12,718.64 is the amount owed by Litchain due to its breach of the ground lease. (See Hardin Affidavit, ¶¶ 7, 10-12, 19-20, ECF 26-1 and Ex. 1 hereto (attesting to the details of the breach and confirming the resulting debt to be \$12,718.64)).

9. Due to Litchain's default on the Amended Crossclaim asserting breach of the ground lease with Gaffney BPW, the resulting sum certain sought in the Amended Crossclaim, and the Affidavit of Donnie L. Hardin confirming \$12,718.64 to be the amount owed by Litchain due to this breach, it is appropriate for the clerk to enter a partial default judgment against Litchain in the amount of \$12,718.64.

10. Gaffney BPW will file a separate Rule 55(b)(2) application with this Court requesting the entry of a default judgment as to Count III (declaratory judgment relating to the return of the deposit refund and cryptocurrency mining equipment), Count IV (declaratory judgment affirming the Nondisclosure and Non-Circumvention Agreement to be ultra vires, invalid, and/or unenforceable), and Count VI (breach of contract – utility agreement). All remaining counts against Litchain relating to interpleader and costs will subsequently be dismissed, as due to the current posture of the case, Gaffney BPW's claims for interpleader and in the nature of interpleader are moot.

Gaffney BPW attempted to consult with counsel for Blockquarry via email on December 20, 21, and 22, 2023, and via telephone on December 22, 2023, without response.

11. There is no just reason to delay the entry of the requested partial default judgment against Litchain on Count V of the Amended Crossclaim, breach of the ground lease, in the sum of **\$12,718.64**. *See* Fed. R. Civ. P. 54(b). Blockquarry and Gaffney BPW have already dismissed their claims against one another with prejudice. (ECF No. 73). Blockquarry has a pending motion for partial default judgment against Litchain and has indicated that once this default judgment has been entered, its remaining claims against Litchain will be dismissed. (ECF No. 63). Contemporaneous with this request, Gaffney BPW has likewise filed a motion for partial default judgment as to its outstanding claims for non-monetary relief against Litchain, with the exception of its requests for interpleader and relief in the nature of interpleader, and has indicated that once this second partial default judgment has been entered against Litchain in favor of Gaffney BPW, its outstanding claims for interpleader, relief in the nature of interpleader, and outstanding fees and costs will be dismissed.

12. Because the final resolution of all claims asserted by Blockquarry and Gaffney BPW against one another and Litchain has already occurred or is imminent, the requested default judgment for a sum certain against Litchain in the amount of **\$12,718.64** should be promptly entered as a final judgment on Gaffney BPW's breach of contract (ground lease) claim against Litchain, on which execution may issue.

CONCLUSION

In light of the foregoing, Gaffney BPW respectfully requests the entry of a partial default judgment against Crossclaim Defendant, Litchain Corp., on its breach of contract claim relating to the lease agreement in the amount of **\$12,718.64**. Due to the confirmatory statements included in the Affidavit of Donnie L. Hardin, this partial default judgment for a sum certain should be promptly entered by the clerk without the necessity of presenting additional proof or making an

associated application for relief from the Court. There being no just reason for delay, this judgment for **\$12,718.64** against Litchain in favor of Gaffney BPW should be entered as a final judgment on which execution may be issued.

Respectfully submitted,

POPE FLYNN, LLC

December 22, 2023

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